



Finance Act 2005

CHAPTER 7

FINANCE ACT 2005

PART 1

EXCISE DUTIES

Tobacco products duty

- 1 Rates of tobacco products duty

Alcoholic liquor duties

- 2 Rate of duty on beer
- 3 Rates of duty on wine and made-wine

Hydrocarbon oil etc duties

- 4 Consolidation of current rates of hydrocarbon oil duties etc.
- 5 Rates of hydrocarbon oil duties etc. from 1st September 2005

Gaming duty

- 6 Rates of gaming duty

Vehicle excise duty

- 7 Rates

Status: Point in time view as at 21/07/2008.
Changes to legislation: There are currently no known outstanding effects for the Finance Act 2005. (See end of Document for details)

PART 2

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER 1

INCOME TAX AND CORPORATION TAX CHARGE AND RATE BANDS

Income tax

- 8 Charge and rates for 2005-06
- 9 Personal allowances for those aged 65 or more

Corporation tax

- 10 Charge and main rate for financial year 2006
- 11 Small companies' rate and fraction for financial year 2005
- 12 Corporation tax starting rate and fraction for financial year 2005
- 13 Non-corporate distribution rate for financial year 2005

Trusts

- 14 Special trust rates not to apply to first slice of trust income

CHAPTER 2

PERSONAL TAXATION

Taxable benefits

- 15 Childcare vouchers: exempt amount
- 16 Extension of exemptions for childcare, workplace parking, cycles etc
- 17 Transfer of previously loaned computer or cycle etc
- 18 Extension of outplacement services etc exemption: part-time employees

Armed forces

- 19 Armed forces pensions and compensation schemes

CHAPTER 3

EMPLOYMENT-RELATED SECURITIES

- 20 Research institution spin-out companies
- 21 Research institution spin-out companies: pre-2nd December 2004 cases
- 22 Capital gains

CHAPTER 4

TRUSTS WITH VULNERABLE BENEFICIARY

Introductory

- 23 Introduction
- 24 Entitlement to make claim for special tax treatment

Status: Point in time view as at 21/07/2008.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2005. (See end of Document for details)

Income tax

- 25 Qualifying trusts income: special income tax treatment
- 26 Amount of relief
- 27 Trustees' liability: TQTI
- 28 Vulnerable person's liability: VQTI
- 28A Disapplication of section 629 of ITTOIA 2005
- 29 Part years

Capital gains tax

- 30 Qualifying trusts gains: special capital gains tax treatment
- 31 UK resident vulnerable persons: amount of relief
- 32 Non-UK resident vulnerable persons: amount of relief
- 33 Vulnerable person's liability: VQTG

Qualifying trusts

- 34 Disabled persons
- 35 Relevant minors
- 36 Parts of assets

Vulnerable persons

- 37 Vulnerable person election
- 38 Meaning of "disabled person"
- 39 Meaning of "relevant minor"

Miscellaneous and supplementary

- 40 Power to make enquiries
- 41 Interpretation etc.
- 42 Application in relation to Scotland
- 43 Penalties under TMA 1970
- 44 Consequential amendments
- 45 Commencement

CHAPTER 5

ALTERNATIVE FINANCE ARRANGEMENTS

Introductory

- 46 Alternative finance arrangements

Arrangements giving rise to alternative finance return

- 47 Alternative finance arrangements: purchase and re-sale
- 47A Alternative finance arrangements: diminishing shared ownership
- 48 Arrangements within section 47: foreign currency and non-residents
- 48A Alternative finance arrangements: alternative finance investment bond: introduction
- 48B Alternative finance arrangements: alternative finance investment bond: effects

Status: Point in time view as at 21/07/2008.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2005. (See end of Document for details)

Arrangements giving rise to profit share return

- 49 Alternative finance arrangements: deposit
- 49A Alternative finance arrangements: profit share agency

Treatment of alternative finance arrangements

- 50 Treatment of alternative finance arrangements: companies
- 51 Treatment of alternative finance arrangements: persons other than companies
- 51A Discount
- 52 Provision not at arm's length
- 53 Treatment of section 47 , 47A or 48A arrangements: sale and purchase of asset
- 54 Return not to be treated as distribution
- 54A Treatment of section 47, 49 and 49A arrangements as loans: Community Investment Tax Relief

Supplementary

- 55 Further provisions
- 56 Application of Chapter
- 57 Interpretation of Chapter

CHAPTER 6

FILM RELIEF

Tax relief for limited-budget films

- 58 Relief for production and acquisition expenditure on limited-budget films

Restrictions on relief

- 59 Restrictions on relief for production and acquisition expenditure

Deferred income agreements

- 60 Deferred income agreements which exist when relief claimed
- 61 Meaning of “deferred income agreement in respect of a film”
- 62 Deferred income agreements entered into after relief claimed
- 63 Sections 60 to 62: supplementary
- 64 Transitional provision for years of assessment before the year 2005-06
- 65 Corresponding provision in ITTOIA 2005

Companies benefited by film relief: exit charges

- 66 When a chargeable event occurs
- 67 Consequences of a chargeable event: exit event X or Y
- 68 Exit event Z: a relevant disposal at an undervalue
- 69 Consequences of a chargeable event: exit event Z
- 70 Valuation of the “rights to guaranteed income” and “disposed rights”
- 71 Meaning of “company” and related terms

Status: Point in time view as at 21/07/2008.
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CHAPTER 7

AVOIDANCE INVOLVING PARTNERSHIP

Partners: restrictions on relief

- 72 Removal of restrictions on interest relief
- 73 Meaning of “contribution to the trade”

Partners: recovery of excess relief

- 74 Recovery of excess relief given under section 380 or 381 of ICTA
- 75 Computing the chargeable amount
- 76 Meaning of “relevant loss”
- 77 Transitional provision for years of assessment before the year 2005-06
- 78 Consequential amendments

Partners benefited by film relief

- 79 Meaning of “capital contribution to the trade”

CHAPTER 8

ACCOUNTING PRACTICE AND RELATED MATTERS

- 80 Accounting practice and related matters
- 81 Computation of profits: change of accounting basis
- 82 Change of accounting practice: deferment of transitional adjustments
- 83 Application of accounting standards to securitisation companies
- 84 Taxation of securitisation companies

CHAPTER 9

INTERNATIONAL MATTERS

Double taxation relief: general

- 85 Dividends by reference to which a deduction is allowed: no underlying tax

Double taxation relief: restrictions

- 86 Limits on credit: income tax and corporation tax: trading profits
- 87 Schemes and arrangements designed to increase relief
- 88 Self-assessment amendments

Controlled foreign companies

- 89 ADP dividends and double taxation relief
- 90 Foreign taxation of group as single entity: exclusion of ADP CFCs

Annual payments and double taxation relief

- 91 Tax avoidance involving annual payments and double taxation relief

Status: Point in time view as at 21/07/2008.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2005. (See end of Document for details)

CHAPTER 10

MISCELLANEOUS

Capital allowances

- 92 Capital allowances: renovation of business premises in disadvantaged areas

Tonnage tax

- 93 Tonnage tax

PART 3

STAMP TAXES

Stamp duty land tax

- 94 Alternative property finance

Stamp duty land tax and stamp duty

- 95 Raising of thresholds
96 Removal of disadvantaged areas relief for non-residential property

Stamp duty and stamp duty reserve tax

- 97 Demutualisation of insurance companies

PART 4

OTHER TAXES

Inheritance tax

- 98 Rates and rate bands for the next three years

Landfill tax

- 99 Rate of landfill tax

Lorry road-user charge

- 100 Lorry road-user charge

PART 5

PENSIONS ETC

- 101 Pension schemes etc.
102 Pension Protection Fund etc.

PART 6

MISCELLANEOUS

- 103 Civil partnerships etc

Status: Point in time view as at 21/07/2008.
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PART 7

SUPPLEMENTARY PROVISIONS

- 104 Repeals
- 105 Interpretation
- 106 Short title

SCHEDULES

SCHEDULE 1 — Non-UK resident vulnerable persons: interpretation

Vulnerable person's actual income

- 1 The “vulnerable person's actual income” for the tax...

Trustees' specially taxed income

- 2 The “trustees' specially taxed income” for the tax...

Vulnerable person's deemed CGT taxable amount

- 3 (1) The “vulnerable person's deemed CGT taxable amount” for the...

Vulnerable person's notional section 77 gains

- 4 (1) The “vulnerable person's notional section 77 gains”...

Actual gains and actual losses

- 5 (1) “Actual gains” means any chargeable gains which accrue to...

Assumed gains and assumed losses

- 6 (1) “Assumed gains” means any chargeable gains, other than actual...

Relevant assumptions

- 7 (1) For the purposes of paragraph 6 the “relevant assumptions”...

SCHEDULE 2 — Alternative finance arrangements: further provisions

Interpretation of Schedule

- 1 In this Schedule, “relevant arrangements” means— (a) arrangements falling within...

Taxes Management Act 1970 (c. 9)

- 2 In sections 17 and 18 of TMA 1970 (interest paid...

Income and Corporation Taxes Act 1988 (c. 1)

- 3 Section 349 of ICTA (certain payments to be made subject...
- 4 In section 468L of ICTA (interest distributions), in subsection (9)(a),...
- 5 Section 477A of ICTA (building societies: regulations for deduction of...
- 6 Sections 480A to 482 of ICTA (relevant deposits: deduction of...

Status: Point in time view as at 21/07/2008.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2005. (See end of Document for details)

- 7 In section 582 of ICTA (funding bonds) references to interest...
8 Section 787 of ICTA (restriction of relief for payments of...

Finance Act 1996 (c. 8)

- 9 In paragraph 8(2)(a) of Schedule 10 to FA 1996 (loan...

Income Tax (Trading and Other Income) Act 2005 (c. 5)

- 10 In section 380 of ITTOIA 2005 (funding bonds), references to...

Income Tax Act 2007

- 11 Chapter 2 of Part 15 of ITA 2007 (deduction of...
12 Chapters 3 to 5 of Part 15 of ITA 2007...
13 In Chapter 12 of Part 15 of ITA 2007 (funding...

SCHEDULE 3 — Films: restrictions on relief for production and acquisition expenditure

Part 1 — RESTRICTIONS ON CIRCUMSTANCES IN WHICH RELIEF MAY BE OBTAINED

Section 42 of the Finance (No.2) Act 1992 (c. 48)

- 1 (1) Section 42 of F(No.2)A 1992 (relief for production or...

Section 101 of the Finance Act 2002 (c. 23)

- 2 (1) Section 101 of FA 2002 (restriction of relief for...

Section 138 of the Income Tax (Trading and Other Income) Act 2005 (c. 5)

- 3 (1) For section 138 of ITTOIA 2005 (certified master versions:...

Section 139 of the Income Tax (Trading and Other Income) Act 2005 (c. 5)

- 4 (1) Section 139 of ITTOIA 2005 (certified master versions: production...

Section 140 of the Income Tax (Trading and Other Income) Act 2005 (c. 5)

- 5 (1) Section 140 of ITTOIA 2005 (certified master versions: acquisition...

Meaning of “disqualifying deduction”

- 6 (1) After section 140 of ITTOIA 2005 insert— Interpretation of...

Transitional provision for films in production

- 7 (1) This paragraph applies in relation to any claim for...
8 (1) This paragraph applies in relation to relief under section...

Part 2 — RESTRICTIONS ON AMOUNT OF RELIEF WHICH MAY BE OBTAINED

Section 42 of the Finance (No.2) Act 1992 (c. 48)

- 9 (1) Section 42 of F(No.2)A 1992 (relief for production or...

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Changes to legislation: There are currently no known outstanding effects for the Finance Act 2005. (See end of Document for details)

Section 48 of the Finance (No.2) Act 1997 (c. 58)

10 (1) In section 48 of F(No.2)A 1997 (which modifies section...

Section 138 of the Income Tax (Trading and Other Income) Act 2005 (c. 5)

11 (1) Section 138 of ITTOIA 2005 (certified master versions: production...

Section 138A of the Income Tax (Trading and Other Income) Act 2005 (c. 5)

12 (1) Section 138A of ITTOIA 2005 (certified master versions:
acquisition...

Section 139 of the Income Tax (Trading and Other Income) Act 2005 (c. 5)

13 (1) In section 139 of ITTOIA 2005 (certified master versions:...

Section 140 of the Income Tax (Trading and Other Income) Act 2005 (c. 5)

14 (1) In section 140 of ITTOIA 2005 (certified master versions:...

Section 141 of the Income Tax (Trading and Other Income) Act 2005 (c. 5)

15 (1) Section 141 of ITTOIA 2005 (“total production expenditure in...

Section 142 of the Income Tax (Trading and Other Income) Act 2005 (c. 5)

16 (1) In section 142 of ITTOIA 2005 (when expenditure is...

Part 3 — MINOR AND CONSEQUENTIAL AMENDMENTS

Income and Corporation Taxes Act 1988 (c. 1)

17 Section 118ZM of ICTA (partnerships exploiting films: supplementary),
as that...

Finance (No.2) Act 1992 (c. 48)

18 (1) Section 40A of F(No.2)A 1992 (revenue nature of expenditure...

19 (1) Section 40B of F(No.2)A 1992 (allocation of expenditure to...

20 In section 40C of F(No.2)A 1992 (cases where section 40B...

21 (1) Section 40D of F(No.2)A 1992 (election for sections 40A...

22 (1) Section 41 of F(No.2)A 1992 (relief for preliminary expenditure)...

23 (1) Section 42 of F(No.2)A 1992 (relief for production or...

24 (1) Section 43 of F(No.2)A 1992 (interpretation of provisions relating...

Finance Act 1997 (c. 16)

25 In Schedule 12 to FA 1997 (leasing arrangements: finance leases...

Finance (No. 2) Act 1997 (c. 58)

26 (1) Section 48 of F(No. 2)A 1997 (which modifies section...

Capital Allowances Act 2001 (c. 2)

27 (1) Paragraph 116 of Schedule 3 to CAA 2001 (transitional...

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Finance Act 2002 (c. 23)

- 28 Section 99 of FA 2002 (restriction of relief to films...
- 29 In Schedule 29 to that Act (gains and losses of...

Income Tax (Trading and Other Income) Act 2005 (c. 5)

- 30 (1) ITTOIA 2005 is amended as follows.

Commencement of Part 3 amendments

- 31 (1) The amendment made by paragraph 21(3), so far as...
- Part 4 — INTERPRETATION

Meaning of “pre-announcement expenditure”

- 32 (1) For the purposes of this Schedule “pre-announcement expenditure” means...

Meaning of film “in production”

- 33 (1) For the purposes of this Schedule a film was...

Meaning of “film” and “original master version”

- 34 For the purposes of this Schedule— “film” is to be...

SCHEDULE 4 — Accounting practice and related matters
Part 1 — BAD DEBTS AND RELATED MATTERS

ICTA

- 1 In section 74 of ICTA (general rules as to deductions...
- 2 Before section 89 of ICTA insert— Restriction of deductions in...
- 3 (1) Section 89 of ICTA (debts proving to be irrecoverable...
- 4 (1) Section 94 of ICTA (debts deducted and subsequently released)...
- 5 (1) Section 103 of ICTA (receipts after discontinuance) is amended...
- 6
- 7 In section 799 of ICTA (double taxation relief: computation of...
- 8 In section 834(1) of ICTA (interpretation of the Corporation Tax...

FA 1996

- 9 (1) Section 100 of FA 1996 (interest, and exchange gains...
- 10
- 11 (1) Paragraph 5 of Schedule 9 to FA 1996 (release...
- 12 After paragraph 5 of Schedule 9 to FA 1996 insert—...
- 13 (1) Paragraph 6 of Schedule 9 to FA 1996 (impairment...
- 14 Omit paragraph 6B of Schedule 9 to FA 1996 (impairment...
- 15 In paragraph 6C of Schedule 9 to FA 1996—
- 16 After paragraph 6C of Schedule 9 to FA 1996 insert—...
- 17 (1) The following provisions of Schedule 9 to FA 1996...

FA 1997

- 18 (1) Schedule 12 to FA 1997 (leasing arrangements: finance leases...

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Schedule 26 to FA 2002

- 19 In paragraph 22(5) of Schedule 26 to FA 2002 (derivative...

Schedule 29 to FA 2002

- 20 (1) In Schedule 29 to FA 2002 (gains and losses...
Part 2 — OTHER PROVISIONS CONNECTED WITH ACCOUNTING PRACTICE

ICTA

- 21 In section 43A of ICTA (rent factoring: meaning of “finance...
22 In section 75A(10) of ICTA (accounting period to which expenses...
23 In section 501A of ICTA (supplementary charge in respect of...
24 (1) Section 747A of ICTA (special rule requiring chargeable profits...
25 Section 836A of ICTA (meaning of generally accepted accounting practice)...

FA 1996

- 26 (1) Section 85B of FA 1996 (loan relationships: amounts recognised...
27 (1) Section 94 of FA 1996 (loan relationships: treatment of...
28 (1) Section 94A of FA 1996 (loan relationships with embedded...
29
30 In Schedule 9 to FA 1996 (loan relationships: special computational...
31 (1) Paragraph 19A of Schedule 9 to FA 1996 (loan...

FA 1997

- 32 In Schedule 12 to FA 1997 (leasing arrangements: finance leases...

CAA 2001

- 33 In section 219 of CAA 2001 (finance leases), in subsection...

Schedule 26 to FA 2002

- 34 (1) Paragraph 17B of Schedule 26 to FA 2002 (derivative...
35 After paragraph 25 of Schedule 26 to FA 2002 (debits...
36 In paragraphs 38(1) and (3) and 38A(1) and (3) of...
37 In paragraph 54 of Schedule 26 to FA 2002 (derivative...

Schedule 29 to FA 2002

- 38 (1) Paragraph 6 of Schedule 29 to FA 2002 (gains...
39 In paragraph 8(1) of Schedule 29 to FA 2002 for...
40 In paragraphs 9(1), 12(1), 14(1), 16(1), 17(1), 26(1)(a), 103(2) and...
41 In paragraph 13(1)(a) of Schedule 29 to FA 2002 for...
42 In paragraphs 27 and 28 of Schedule 29 to FA...
43 In paragraph 29 of Schedule 29 to FA 2002 (intangible...
44 In Part 7 of Schedule 29 to FA 2002 (intangible...
45 For paragraph 116A of Schedule 29 to FA 2002 (intangible...
46 (1) Paragraph 134 of Schedule 29 to FA 2002 (intangible...
47 In paragraph 143 of Schedule 29 to FA 2002 (intangible...

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Changes to legislation: There are currently no known outstanding effects for the Finance Act 2005. (See end of Document for details)

ITEPA 2003

- 48 In Schedule 5 to ITEPA 2003 (enterprise management incentives), in...

FA 2004

- 49 In section 50 of FA 2004 (generally accepted accounting practice),...
50 In sections 50(6), 51(6), 52(3) and 54(2) of FA 2004...
51 In Part 4 of Schedule 10 to FA 2004 (amendments...

Power to make certain regulations with limited retrospective effect

- 52 (1) This paragraph applies to regulations under any of the...

SCHEDULE 5 — Section 804ZA: prescribed schemes and arrangements
After Schedule 28AA to ICTA insert— SCHEDULE 28AB Section
804ZA:...

SCHEDULE 6 — Capital allowances: renovation of business premises in
disadvantaged areas

Part 1 — NEW PART 3A OF THE CAPITAL ALLOWANCES ACT 2001

- 1 After Part 3 of CAA 2001 insert— PART 3A BUSINESS...

Part 2 — CONSEQUENTIAL AMENDMENTS

- 2 In section 1(2) of CAA 2001 (capital allowances provided for...
3 In section 2(3) of CAA 2001 (provisions about giving effect...
4 In section 3 of CAA 2001 (claims for capital allowances)...
5 In section 537(1) of CAA 2001 (general conditions for making...
6 In section 546 of CAA 2001 (interpretation of VAT provisions),...
7 In section 567(1) of CAA 2001 (Parts of Act for...
8 In section 570(1) of CAA 2001 (elections under section 569...
9 In section 570A(1) of CAA 2001 (avoidance affecting proceeds of...
10 In section 573(1) of CAA 2001 (transfers treated as sales),...
11 (1) Part 2 of Schedule 1 to CAA 2001 (list...

SCHEDULE 7 — Tonnage tax

Part 1 — AMENDMENTS OF SCHEDULE 22 TO FA 2000

Introduction

- 1 Schedule 22 to FA 2000 shall be amended as follows....

Period for which election is in force

- 2 (1) Paragraph 13 is amended as follows.

Withdrawal notices

- 3 After paragraph 15 (and before Part 3) insert— Withdrawal notices...

Qualifying ships

- 4 (1) Paragraph 19 is amended as follows.

Vessels excluded from being qualifying ships

- 5 (1) Paragraph 20 is amended as follows.

Status: Point in time view as at 21/07/2008.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2005. (See end of Document for details)

Qualifying dredgers and tugs

- 6 After paragraph 20 insert— Qualifying dredgers and tugs (1) This paragraph applies where a company operates a ship...

Effect of change of use

- 7 (1) Paragraph 22 is amended as follows.

Flagging: rule for ships other than dredgers and tugs

- 8 After paragraph 22 insert— Flagging: rule for ships other than...

Flagging: rules for dredgers and tugs

- 9 After paragraph 22C insert— Flagging: rule on first operation of...

Flagging: restrictions where dredger or tug ceases to be qualifying ship under paragraph 22E

- 10 After paragraph 22E insert— Flagging: restrictions where ship ceases to...

Requirement to prove compliance with safety etc standards

- 11 After paragraph 43 insert— The requirement to prove compliance with...

The ring fence: capital allowances: general: introduction

- 12 (1) Paragraph 68 is amended as follows.

The ring fence: capital allowances: exit: plant and machinery

- 13 (1) Paragraph 85 is amended as follows.

The ring fence: capital allowances: ship leasing: sale and lease-back arrangements

- 14 (1) Paragraph 92 is amended as follows.

Meaning of “offshore activities”

- 15 (1) Paragraph 104 is amended as follows.

Vessels to which the special rules for offshore activities do not apply

- 16 Omit paragraph 105.

Index of defined expressions

- 17 (1) Paragraph 147 is amended as follows.

Part 2 — COMMENCEMENT AND TRANSITIONAL PROVISION

Commencement

- 18 (1) Subject to paragraphs 19 to 21, paragraphs 4 to...

Transitional provision: qualifying activities

- 19 (1) If a withdrawal notice is given on or before...

Status: Point in time view as at 21/07/2008.

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Transitional provision: flagging: order designating financial year 2005

20 In relation to the financial year 2005, Schedule 22 to...

Transitional provision: flagging

21 Where a company (whether or not a member of a...

SCHEDULE 8 — Stamp duty land tax: alternative property finance

Introduction

1 Part 4 of FA 2003 is amended in accordance with...

Alternative property finance: England and Wales and Northern Ireland

2 After section 71 insert— Alternative property finance: land sold to...

Alternative property finance: Scotland

3 (1) Section 72 (alternative property finance: land sold to financial...

4 After section 72 insert— Alternative property finance in Scotland:
land...

Consequential amendments

5 (1) Section 73 (alternative property finance: land sold to individual...

6 In section 122 (index of defined expressions), in the entry...

Commencement

7 (1) Paragraphs 2 and 3, and paragraphs 5 and 6...

SCHEDULE 9 — Stamp duty land tax and stamp duty: removal of disadvantaged areas relief for non-residential property

Stamp duty land tax

1 (1) Schedule 6 to FA 2003 (disadvantaged areas relief) is...

Stamp duty

2 (1) The Stamp Duty (Disadvantaged Areas) (Application of Exemptions) Regulations...

3 The insertion by paragraph 2 of provisions into the Stamp...

Commencement and transitional provisions

4 (1) Subject to sub-paragraph (2), paragraph 1 applies in relation...

5 (1) Subject to sub-paragraph (2), paragraph 2 applies in relation...

SCHEDULE 10 — Pension schemes etc.

Introduction

1 Part 4 of FA 2004 (pension schemes etc.) is amended...

Status: Point in time view as at 21/07/2008.
Changes to legislation: There are currently no known outstanding effects for the Finance Act 2005. (See end of Document for details)

Deferred annuities

- 2 In section 153(8) (deferred annuity contract to be registered pension...

Orders for return of unauthorised payments

- 3 In section 153 (registration of pension schemes), after subsection (8)...
4 After section 266 insert— Relief from liability in respect of...

Unauthorised member payments

- 5 In section 161(5) (payment made to person who is connected...

Unauthorised payments: loans to person connected with member or sponsoring employer

- 6 (1) Section 162 (meaning of “loan”) is amended as follows....

Abatement of public service pensions

- 7 In section 165(3) (when a person becomes entitled to a...
8 (1) Schedule 32 (benefit crystallisation events: supplementary) is amended as...
9 In section 279(1) (definitions), before the definition of “the Board...
10 In the table in section 280(2) (index of defined expressions),...

Scheme pensions

- 11 (1) Paragraph 2 of Schedule 28 (scheme pensions) is amended...
12 In Schedule 28 (authorised pensions), after paragraph 2 insert— (1) Where this paragraph applies in relation to a pension...

Annuities

- 13 (1) Paragraph 3 of Schedule 28 (lifetime annuity) is amended...
14 (1) Paragraph 6 of Schedule 28 (short-term annuity) is amended...
15 (1) Paragraph 17 of Schedule 28 (dependants' annuity) is amended...
16 (1) Paragraph 20 of Schedule 28 (dependants' short-term annuity) is...
17 In the table in section 280(2) (index of defined expressions),...

Unsecured pension funds and alternatively secured pension funds

- 18 (1) Paragraph 8 of Schedule 28 (member's unsecured pension fund)...
19 (1) Paragraph 10 of Schedule 28 (“unsecured pension years” etc.)...
20 (1) Paragraph 11 of Schedule 28 (member's alternatively secured pension...
21 (1) Paragraph 22 of Schedule 28 (dependant's unsecured pension fund)...
22 (1) Paragraph 24 of Schedule 28 (“unsecured pension years” etc.)...
23 (1) Paragraph 25 of Schedule 28 (dependant's alternatively secured pension...
24 In paragraph 3(8) of Schedule 29 (pension commencement lump sum:...
25 (1) Schedule 32 (benefit crystallisation events: supplementary) is amended as...

Meaning of “dependant”

- 26 In paragraph 15 of Schedule 28 (meaning of “dependant”), after...

Status: Point in time view as at 21/07/2008.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2005. (See end of Document for details)

Dependants' scheme pensions

- 27 (1) Paragraph 16 of Schedule 28 (dependants' scheme pension) is...
28 In Schedule 28 (authorised pensions), after paragraph 16 insert— (1)
Paragraphs 16B and 16C apply where—

Lifetime annuities and dependants' annuities purchased together

- 29 (1) Paragraph 17 of Schedule 28 (dependants' annuity) is amended...
30 (1) Paragraph 3 of Schedule 29 (pension commencement lump sum:...
31 In the table in section 216(1) (benefit crystallisation events and...
32 In paragraph 4(1) of Schedule 32 (benefit crystallisation events 4:...
33 In the table in section 280(2) (index of defined expressions),...

Pension commencement lump sums

- 34 (1) Paragraph 1 of Schedule 29 (meaning of “pension commencement...
35 (1) Paragraph 3 of Schedule 29 (applicable amount limit) is...

Recognised transfers

- 36 In section 169 (recognised transfers), after subsection (1) insert—

Assignment

- 37 (1) Section 172 (assignment of benefit to which member has...

Surrender and allocation of rights etc.

- 38 After section 172 insert— Surrender (1) Subsection (2) applies if a
member of a registered...

Restriction of employers' relief in respect of contributions

- 39 After section 196 insert— Power to restrict relief (1) The Board of
Inland Revenue may make regulations for...
40 After section 246 insert— Case where no relief for provision...

Lifetime allowance: reduction of rights in respect of tax paid

- 41 In section 215 (amount of lifetime allowance charge), omit—
42 In the table in section 216(1) (benefit crystallisation events and...
43 (1) Schedule 32 (benefit crystallisation events: supplementary) is
amended as...

Lifetime allowance: minor amendment

- 44

Lifetime allowance: pension credits

- 45 (1) Section 220 (lifetime allowance enhancement factor in case of...

Migrant member relief

- 46 In paragraph 4(c) of Schedule 33 (meaning of “relevant migrant...

Status: Point in time view as at 21/07/2008.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2005. (See end of Document for details)

Information

47 In section 251(4)(a) (persons to whom scheme administrators can be...

Electronic payment

48 After section 255 insert— Payment Electronic payment (1) The Board of Inland Revenue may give directions requiring...

Insurance company liable as scheme administrator

49 (1) After section 273 insert— Insurance company liable as scheme...

Power to split schemes

50 Before section 275 insert— Power to split schemes (1) The Board of Inland Revenue may make regulations for...

Power to modify rules of existing schemes

51 In paragraph 3(2) of Schedule 36 (power to modify rules...

Primary and enhanced protection: valuation of uncrystallised rights

52 (1) Schedule 36 (transitional provisions) is amended as follows.

Enhanced protection

53 (1) Schedule 36 (transitional provisions) is amended as follows.

Transitional provisions: persons who may take benefits before normal minimum pension age

54 (1) Schedule 36 (transitional provisions) is amended as follows.

Transitional provisions: block transfers

55 (1) Schedule 36 (transitional provisions) is amended as follows.

Transitional provisions: lump sums before normal minimum pension age

56 In Schedule 36 (transitional provisions), after paragraph 23 insert— (1) Where— (a) paragraph 19 applies to a benefit crystallisation...

Transitional provisions: lump sums exceeding 25% of uncrystallised rights

57 In the substituted sub-paragraph (7) set out in paragraph 34(2)...

Transitional provisions: inheritance tax

58 (1) Schedule 36 (transitional provisions) is amended as follows.

Trivial commutation and winding-up lump sums

59 In section 636B(3) of ITEPA 2003 (trivial commutation and winding-up...

Application of PAYE to annuities etc.

60 In section 683(3) of ITEPA 2003 (PAYE pension income), after...

61 In Schedule 36 to FA 2004 (transitional provisions), omit—

Status: Point in time view as at 21/07/2008.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2005. (See end of Document for details)

62 In sections 348(1A) and 349(1A) of ICTA (deduction of tax),...

House of Commons Members' Fund

63 Section 613(1) and (2) of ICTA (tax relief for contributions...

Commencement

64 (1) Subject as follows, the preceding provisions of this Schedule...

SCHEDULE 11 — Repeals

Part 1 — EXCISE DUTIES

Part 2 — INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

Part 3 — STAMP TAXES

Part 4 — PENSIONS ETC

Status:

Point in time view as at 21/07/2008.

Changes to legislation:

There are currently no known outstanding effects for the Finance Act 2005.